



## Mains Practice Question

**Q.** How can India leverage its demographic dividend while simultaneously addressing the challenges of skill development and employment generation? Discuss with reference to recent government initiatives. **(250 words)**

19 Nov, 2024 GS Paper 2 Social Justice

### Approach

- Introduce the answer by giving a data on demographic dividend
- Give Opportunities of India's Demographic Dividend
- Delve into Challenges in Skill Development and Employment Generation
- Highlight Government Initiatives to Address These Challenges
- Suggest Measures to Harness Demographic Dividend Along with Skill Development and Employment Generation
- Conclude suitably.

### Introduction

India entered its demographic dividend window in **2005-06, which will last until 2055-56**. It offers a window of opportunity to accelerate economic growth. However, harnessing this potential requires addressing challenges in **skill development** and **employment generation**.

### Body

#### Opportunities of India's Demographic Dividend:

- **Young Workforce:** India has more than **50% of its population below the age of 25** and more than 65% below the age of 35.
- **Economic Impact:** According to the World Bank, increasing the average years of schooling by one year can increase a country's GDP growth by **0.37%**
  - It may also lead to increased domestic consumption, savings, and productivity in **manufacturing** and **services**.
- **Global Competitiveness:** Availability of cost-effective, skilled labor positions India as a global hub for industries.

#### Challenges in Skill Development and Employment Generation

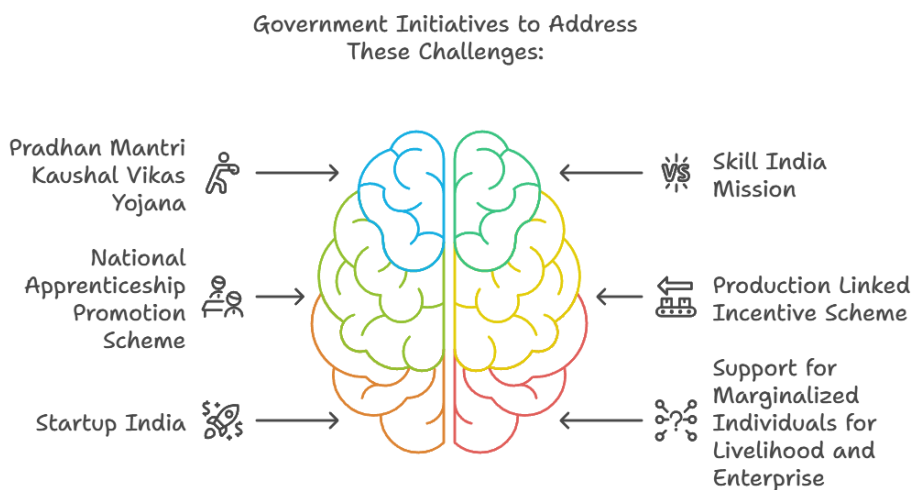
- **Skill Development Challenges**
  - **Low Formal Training Penetration:** Only **4.7%** of the workforce receives vocational training (2022).
  - **Employability Gap:** India Skills Report 2024 states that **48.7% of youth lack job-ready skills**.
    - Only **45% of engineering graduates** meet industry standards.
  - **Access Inequalities:**
    - **Gender Gap:** Women's participation in vocational training remains low (**18.6%** of

women aged 18-59).

- **Rural-Urban Divide:** Rural areas lack adequate training infrastructure.
- **Economic Barriers:** High costs of quality training limit access for economically weaker sections.
- **Employment Generation Challenges**
  - **Unemployment Statistics:** Overall unemployment rate: **8.1%** (CMIE, April 2024). Youth unemployment: **23.2%**. (World Bank)
    - Women's labor force participation remains underutilized.
  - **Structural Issues: 90% of the workforce** in the informal sector, with low wages and job security.
    - **Manufacturing sector job creation** (contributing mere 14% of GDP) lags behind workforce growth.
    - **Quality job creation** does not match demographic dividend requirements.
  - **Regional Disparities:** Employment opportunities remain concentrated in urban and industrialized regions.

## Government Initiatives to Address These Challenges:

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## Harnessing Demographic Dividend Along with Skill Development and Employment Generation:

- **Skilling and Education Reforms:** Align Education with Industry Needs:
  - Enhance vocational training in schools and higher education.
  - Update curricula to include emerging technologies such as **AI and robotics**.
  - **Example:** NEP 2020's focus on experiential learning and internships.
- **Expand Digital and Green Skills Training:** Integrate digital literacy and green economy skills to prepare the workforce for the **Fourth Industrial Revolution**.
  - Leverage initiatives like the **Skill India Digital Platform** and **NASSCOM FutureSkills**.
- **Boost Formal Sector Opportunities:** Promote formalization of the workforce through **ease of doing business** reforms and tax incentives for formal job creation.
  - Encourage employers to integrate more apprentices under the **National Apprenticeship Promotion Scheme (NAPS)**.
- **Enhance MSME Growth:** Strengthen financial and logistical support for MSMEs, which employ **62% of the workforce**.
  - Expand credit guarantee schemes and provide skill-based subsidies.
- **Promote Sector-Specific Growth:** Focus on high-growth sectors like manufacturing, healthcare, renewable energy, and digital services.
  - **PLI Schemes** should include more labor-intensive sectors to boost job creation.
- **Rural Entrepreneurship:** Promote **agro-based and handicraft enterprises** in rural areas through cluster-based development.
  - Establish **rural entrepreneurship hubs** with mentorship and funding support.
- **Target Aspirational Districts:** Expand the **Aspirational Districts Program** to build skill centers and industrial clusters in underdeveloped areas.

- Address regional disparities by providing **employment-linked incentives in backward states.**

## Conclusion

India's demographic dividend offers a **window of opportunity to accelerate economic growth.** By implementing targeted skill development programs, **fostering employment generation, and integrating education with vocational training,** India can harness the potential of its young population.

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